

MINUTES

MONTANA SENATE 58th LEGISLATURE - REGULAR SESSION

COMMITTEE ON BUSINESS AND LABOR

Call to Order: By **VICE CHAIRMAN MIKE SPRAGUE**, on January 31,
2003 at 9 A.M., in Room 405 Capitol.

ROLL CALL

Members Present:

Sen. Dale Mahlum, Chairman (R)
Sen. Mike Sprague, Vice Chairman (R)
Sen. Sherm Anderson (R)
Sen. Vicki Cocchiarella (D)
Sen. Kelly Gebhardt (R)
Sen. Ken (Kim) Hansen (D)
Sen. Sam Kitzenberg (R)
Sen. Glenn Roush (D)
Sen. Don Ryan (D)
Sen. Carolyn Squires (D)

Members Excused: Sen. Bob Keenan (R)
Sen. Fred Thomas (R)

Members Absent: None.

Staff Present: Sherrie Handel, Committee Secretary
Eddie McClure, Legislative Branch

Please Note. These are summary minutes. Testimony and discussion
are paraphrased and condensed.

Committee Business Summary:

Hearing & Date Posted: SB 232, 1/20/2003
Executive Action: SB 53; SB 193; SB 230

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HEARING ON SB 232

Sponsor: SENATOR DALE MAHLUM, SD 35, MISSOULA

Proponents: Jeff Tiberi, Montana Heritage Preservation Commission; Mark Simonich, Department of Commerce, Mary Oliver, Montana Heritage Preservation Commission; Pat Keim, Montana Heritage Preservation Commission

Opponents: None

Informational Witnesses: Arnold Olsen, Montana Historical Society; John Andrew, Department of Labor and Industry

Opening Statement by Sponsor:

SEN. DALE MAHLUM opened by saying that SB 232 is a bill that transfers the administrative attachment of the Montana Heritage Preservation Commission from the Montana Historical Society to the Department of Commerce. It allows the commission to negotiate an overhead rate with Commerce. In 1977, when the 55th Legislature created and attached the commission to the society, they did not know the impact that would occur to one of our smallest state agencies. As seen during the presentation for SB 101, the Virginia City project is one of the most ambitious ever undertaken by the state of Montana. The administrative workload associated with the commission has placed a great burden on the society. The legal, technological, payroll, marketing and general business advice necessary can be provided by the Department of Commerce. In addition, they have Travel Montana administratively attached to them. Travel Montana promotes historical sites in the state and is a logical fit as well. The intent of the Historical Society was not to promote history in Montana, rather it was to collect and save things for future generations. SEN. MAHLUM complimented the Historical Society for doing a great job at doing just that. Governor Martz supports SB 232 and believes the Department of Commerce is a better fit with the Heritage Commission.

Proponents' Testimony:

Jeff Tiberi, Montana Heritage Preservation Commission, offered written testimony, EXHIBIT(bus21a01).

Mark Simonich, Department of Commerce and Montana Heritage Preservation Commission, mentioned that on the day the commission discussed moving the attachment to another agency, he abstained from voting, because there are several agency heads who are on the commission. Mr. Simonich did not think it was appropriate to try to influence that vote. He was at the meeting on behalf of the

Department of Commerce and **Governor Martz** to support SB 232. The delegation met several weeks earlier with the governor, and she gave her full support to this particular piece of legislation. He believes the Department of Commerce is a good fit for the Heritage Commission. They have a business assistance attitude and responsibility within the department as well as an entrepreneurial spirit. They are responsible for promoting tourism throughout the state of Montana, which are all things the Heritage Commission needs to be able to accomplish if it is going to be able to fulfill the legislative intent of making the Virginia City and Nevada City properties self supporting. **Mr. Simonich** explained that the attachment is for administrative purposes only. It does not give the department any substantive decision authority over decisions made relative to the properties under the umbrella of the Heritage Commission. He said his department is willing to step up to the plate to assist the commission. **Mr. Simonich** addressed an oversight in the bill, which was the lack of an effective date. He suggested an amendment to put a specific effective date in the bill. Past attachments to his department have utilized a July 1st effective date although the Heritage Commission works on a calendar year due to their busy season occurring during July. He suggested a date sometime in advance of July 1.

Mary Oliver, Montana Heritage Preservation Commission, shared with the committee her support of the bill and said the commission's work is perhaps the most complicated business the state of Montana has ever taken on. It's because the Montana Heritage Preservation Commission is charged with coordinating, managing and taking into account three restaurants, two live theaters, four hotels, ten retail shops, three liquor licenses, a steam locomotive and various smaller trains, 248 old buildings, over a million artifacts, and 42 parcels of land. When the commission was handed the project, it included a \$10M to \$20M deferred maintenance charge. The value of the assets exceed \$20M. The communities of Virginia City and Nevada City are made up of 23 little special interest groups and the commission works with all of those groups. Given this challenge, she feels it makes sense as a commissioner and business woman that the commission be attached to the Department of Commerce for small business support, administrative purposes and promoting tourism.

Pat Keim, Montana Heritage Preservation Commission, offered his support of the bill. He related his recent conversation with **U.S. SENATOR CONRAD BURNS** about the Heritage Commission project in the Virginia and Nevada City areas. **SEN. BURNS** told him in the not-too-distant future, our National Parks system faces filling up such as at Yellowstone Park. He also stated that it is likely that tourists visiting Yellowstone will be given time slots in which they can go into the park. They may have to find other things to

do in this area, which opens up some unique tourist opportunities for locations in the state of Montana. Both Virginia and Nevada Cities are a natural place for those tourists to visit. **Mr. Keim** thought it a good idea for the commission to be attached to the Department of Commerce due to the tourism contacts there. He fully supported the bill.

Opponents' Testimony: None

Informational Witness Testimony:

Arnold Olsen, Montana Historical Society, offered written informational testimony, **EXHIBIT (bus21a02)**.

Questions from Committee Members and Responses:

SEN. MIKE SPRAGUE asked **Mark Simonich** what the Department of Commerce could do with regard to the commission's attachment to Travel Montana via the Department of Commerce that cannot be done now. **Mr. Simonich** replied it makes it easier to work together due to the close proximity of the commission and the department. **SEN. SPRAGUE** asked if, due to his affiliation with the Heritage Preservation Commission Board and Travel Montana, would there be a tendency to put tourism dollars into this project because **Mr. Simonich** would want to prove a point. **SEN. SPRAGUE** wondered if tourism dollars collected from one place in the state would go to this project. **Mr. Simonich** answered that he would not have the authority to do so and explained how the bed tax and other tourism dollars are split up across the state.

SEN. DON RYAN requested from **Mr. Olsen** information about the Parks and Wildlife Department taking over the project and if the Historical Society could handle it if given the necessary funds. **Mr. Olsen** replied that it would be an option for the Historical Society.

SEN. SHERM ANDERSON inquired of **Mr. Simonich** if the attachment would be for administrative purposes only and did **Mr. Simonich** feel the Department of Commerce is better equipped to supply those administrative needs rather than the Historical Society. **Mr. Simonich** couldn't speak to how well the society is equipped to do that. He stated the Department of Commerce is certainly capable of doing so. They have a solid Management Services Division with legal support, contracting, accounting and budgeting support, Human Resources support. Six other board are provided that support at the present time with no problems.

SEN. VICKI COCCHIARELLA'S question to **Mr. Simonich** was what the fiscal note was going to look like with this attachment. **Mr. Simonich** said he had three different drafts of fiscal notes. All three are very similar. The General Fund is not impacted. There will be some reduced revenue to the Historical Society and some increase to the Department of Commerce from an indirect rate. Each department calculates their indirect rate differently, so that accounts for the difference. He confirmed for **SEN. COCCHIARELLA** that they believe they can take on this task without an increase in staff.

SEN. SPRAGUE asked where the marketing arm is located in the Department of Commerce. **Mr. Simonich** replied that it is the Montana Promotions Division. The marketing effort is Travel Montana. The marketing aspect would simply be assistance that their existing staff would be providing to the Heritage Commission.

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SEN. SPRAGUE commented to **Jeff Tiberi** that he is doing a real good job right now, but he's not convinced that going into the Department of Commerce is the answer. **SEN. SPRAGUE** asked what the Department of Commerce could do as opposed to doing it in a less bureaucratic manner. **Mr. Tiberi** said there is nothing more they can do. The reason he's asking for the move is purely a paperwork exercise that allow the bills to be processed faster, grants managed in a more active manner and quicker help from their staff. They have a lawyer on site rather than having to go to a private lawyer or attorney general's office for help on legal matters.

SEN. COCCHIARELLA wanted to know if this move would cost more or less. **Mr. Tiberi** answered that it is a concern to them and that's why when the board voted on it, they asked **Director Simonich** if he would agree to a clause that would allow the commission to negotiate an overhead rate rather than the 15 percent they have for federal grants. **Mr. Simonich** agreed to do so. The costs are going up wherever the commission is attached. The Historical Society recently asked for an increase. **Mr. Tiberi** commented on the commission being very frugal.

Closing by Sponsor:

SEN. MAHLUM closed by saying that the Montana Heritage Commission was birthed as a new entity under the wing of the Montana Historical Society in 1997. As such, in the haste of the 55th Legislature to do something before the Virginia and Nevada City assets were sold, it had to go someplace. The Montana Historical Society was the logical choice. In the bill at that time, you needed a governing body. That's how the Montana Heritage

Commission was started. **SEN. MAHLUM** spoke of the hard work performed by the committee for the first several years and the expertise lent to the commission by **Mr. Tiberi**. He also complimented the Montana Historical Society on the good partner they have been with the commission. However, as a business, he stated the Montana Heritage Preservation Commission should be attached to the Department of Commerce.

EXECUTIVE ACTION ON SB 53

Eddye McClure, Legislative Staffer, discussed the amendments, **EXHIBIT (bus21a03)** (SB005301.aem).

John Andrew, Department of Labor and Industry, offered his assistance as an informational witness.

After discussion, **SEN. DON RYAN** moved the amendments. The vote was 8 to 4 in favor of the amendments with **CHAIRMAN DALE MAHLUM, VICE CHAIRMAN MIKE SPRAGUE, SEN. BOB KEENAN (by proxy)** and **SEN. FRED THOMAS (by proxy)** voting no. **SEN. RYAN** moved **DO PASS AS AMENDED** on SB 53. The vote was a 6 to 6 tie. **SEN. MIKE SPRAGUE** moved to **INDEFINITELY POSTPONE** SB 53. The vote was a 6 to 6 tie.

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EXECUTIVE ACTION ON SB 193

Motion: **SEN. RYAN** moved that SB 193 BE INDEFINITELY POSTPONED.

Substitute Motion: **SEN. SQUIRES** made a substitute motion that SB 193 BE TABLED. **Vote:** The vote was 10-0 in favor of tabling SB 193.

EXECUTIVE ACTION ON SB 230

Motion/Vote: **SEN. GEBHARDT** moved that SB 230 DO PASS. Motion carried unanimously.

ADJOURNMENT

Adjournment: 9:52 A.M.

SEN. DALE MAHLUM, Chairman

SHERRIE HANDEL, Secretary

DM/SH

EXHIBIT (bus21aad)